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INVESTMENT OUTLOOK, REVIEW AND STATISTICAL ISSUE

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INVESTMENT OUTLOOK: DIVIDEND YIELDS FALLING AS INVESTORS PAY MORE FOR QUALITY

Amid the painful unwinding of many deeply troubled construction trusts, investors should focus more and more on a major fact: big real estate investors are paying higher prices for good quality real estate, and this is already spilling over into shares of the equity trusts with good quality assets.

Both Washington REIT and Federal Realty Investment have touched new all-time highs in the past four weeks, reflecting continued strong performances. Washington is now priced at 20-3/8 to yield 8.6% on annualization of the latest 44-cent quarterly. WRIT's dividend has been boosted 35% this year so far (largely from benefits from relaxation of Washington's rent control) but further gains don't appear in store for awhile. Federal is investing funds from a June offering. Also moving to a new 1976 high is Realty Income Trust on doubling of its dividend from recent capital gains; current yield is 11.4%. RIT is reviewed on page 7.

This market action reflects a drop in market yields for REIT shares of about 1¼% to 2%. Lower yields mean higher multiples. Here is how market yield has dropped for some well known equity trusts this year: Federal Realty, by 1.3% to 9.0%; First Union RE, by 1.4% to 8.2%; General Growth, 1.3% to 7.1%; Realty Income Trust, by 1.9% to 11.4%; Washington REIT, by 1.0% to 8.6%.

And when trusts raise dividends in this rising market, their shares benefit doubly. For instance, Washington REIT shares have risen 38% on a 35% dividend jump; General Growth shares have risen 26% on a 6% dividend hike. Realty Income is lagging so far, ahead 83% on a recent 100% dividend leap.

All this mirrors the fall in bond yields to 2½-year lows recently, and the fact that private and institutional real estate investors are willing to buy well located and leased buildings for initial yields in the 7% range. Major pension funds are now putting so much pressure to acquire prime property, via the commingled pension

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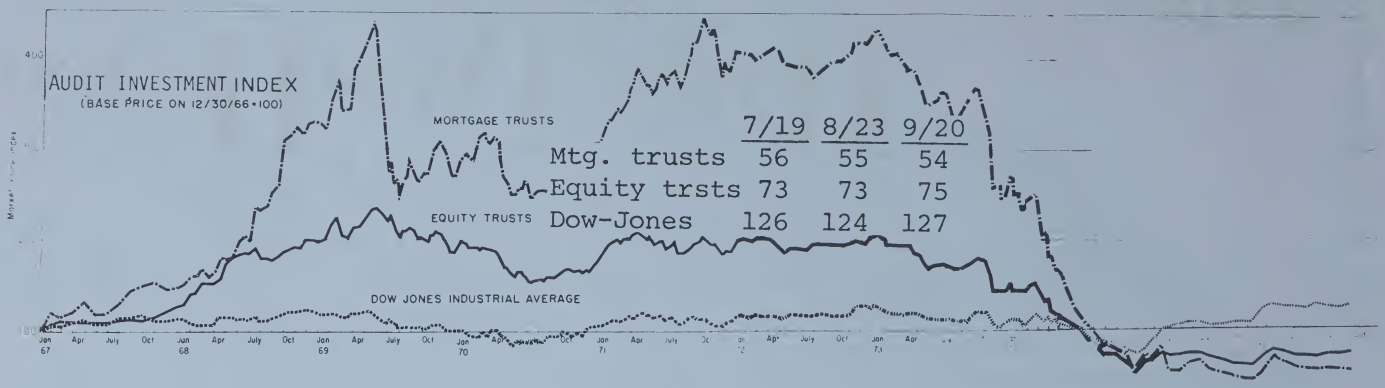

funds sponsored by major insurance companies and banks, that some astute observers say the yield could drop to 6%, and even 3%-4% for super properties with upside potential. All this could give a still further kick to REIT shares. Washington REIT's dividend, for instance, would translate into a price of about 28 if yields get down to 6% for good property.

All this illustrates the split character of the REIT market. Shares with good dividend records through the recession are getting premium play. We've been saying this in recent issues but it bears repeating. This is the quality approach we try to reflect in our RELATIVE APPEAL RANKINGS. Meanwhile, the deeply troubled trusts are being bypassed by serious investors, with only speculators and long-suffering bond and share holders interested. These contrary trends are reflected in our indexes (graph, above): Equity trusts moved up again and a new bull market appears brewing here; mortgage trusts remain stalled. News events of interest to investors:

--First Union RE is seeking to place a $10 million of issue of participating preferred with institutional investors. Shares would be registered. FUR's July quarter earnings of $0.26/sh., up from $0.20 the year earlier, benefitted by $0.08/sh. reduction of depreciation as a result of new appraisals on some buildings.

--Lomas & Nettleton Mortgage earnings of $0.20/sh. in the June quarter were aided by a revision of the advisory fee that added $0.23/sh. to those results, the annual report showed. Nonearning investments were down 3% to 34.7%. This means investors should not over-estimate LOM's recovery speed.

--Alison Mortgage has begun tendering for two-thirds or more of its $25 million of 8-3/4% senior subordinated notes due 1979. Interest hasn't been paid since Nov. 15, 1975, and won't be paid to tendering holders. However the trust says it expects interest would be paid to non-tendering holders and to holders of the smaller 6-3/4% and 7% subordinated convertible debentures. Holders also must assent to indenture changes, including letting the trust pledge assets to its banks. Much as we hate to lose principal, we think tendering is the only way to keep Alison going.

Our monthly tally of nonearning investments shows a continued flat trend:

		---Invested assets---		%	Month %
Group	Number	Non-earning	Total	Non-earn.	Change
Short-term mortgage	59	$7,339MM	$10,222MM	72%	-1.1%
Inter. & long-term mtg	28	1,719	4,193	41	0.0
Equity & combination	44	958	3,575	27	+3.9
TOTALS/AVERAGES	131	$10,016	$17,990	56%	-0.5%

UNITED REALTY TRUST (6-3/4--ASE-URT) FY Nov. 30

Portfolio: Holdings are predominantly long-term mortgage oriented, and nearly all short-term mortgages have now been converted to property acquired in foreclosure. A $19.5 million block of GNMA mortgage backed securities (with market value of about $18.3 million) provides income stability. Total holdings of $87.9 million thus break down 38% accruing mortgage loans (nearly all long-term); 22% GNMA securities; 20% in non-accruing mortgage loans, about half of which are troubled long-term mortgages

(continued on page 7)

DIVIDEND TRENDS: PAYMENTS STEADY IN SEPTEMBER ALTHOUGH MIXED

Three increases from the previous quarter matched three decreases among September declarations. Raising payouts were First Continental REIT which continues its recovery from three quarters ago, solid equity General Growth Properties and Realty Income Trust doubling by paying out large capital gains (see review this issue, p.7). MONY Mortgage is also paying more but partly from last year's cleanup. We are ascribing $0.23 to "normal" operations which appear minimally sustainable. Cuts were made by Baird & Warner paying out taxable but not reported earnings; Realty & Mortgage Pacific hit by a $2 million loan going on non-accrual, reduced fees and low returns on foreclosures; and MassMutual Mortgage clipped one cent. Comparisons to a year earlier were also mixed. More trusts improved than declined but some cuts/omissions were large in dollar amount.

Our tally of declarations

	Up	Same	Down	Total	%Change
Sept.	3	8	3	14	+ 2%
Year	21	77	16	114	--
--------From previous year----------					
Sept.	7	2	5	14	- 5%
Year	29	38	47	114	--

Trust	Record date	--Dividend/share-- Latest	Previous	--Net change-- Amt.	Percent	Special	Year Ago	Change
Baird & Warner Mtg.	9/30	$0.24	$0.30	$-.06	-20	--	$0.10	+140
Baird & Warner Mtg.	11/12	0.24	0.24	--	NC	--	0.30	-20
Baird & Warner Mtg.	2/11	0.24	0.24	--	NC	--	0.30	-20
Baird & Warner Mtg.	5/13	0.24	0.24	--	NC	--	0.30	-20
Consolidated Capital	9/17	0.1684M	0.1684	--	NC	--	0.1667	+1
Continental Ill.Prop.	10/4	0.32	0.32	--	NC	--	0.29	+10
Federal Realty	9/24	0.31	0.31	--	NC	--	0.25	+24
First Cont'l REIT	9/30	0.20	0.18	+.02	+11	--	0.24	-17
Fraser Mortgage	10/1	0.25	0.25	--	NC	--	0.30	-17
General Growth	9/14	0.35	0.33	+.02	+6	--	0.32	+9
GREIT Realty	10/14	0.10	0.10	--	NC	--	0.10	NC
ICM Realty	Omitted	0.00	0.00	--	NC	--	0.30	-100
MassMutual Mtg.	9/8	0.27	0.28	-.01	-4	--	0.31	-13
MONY Mortgage	9/30	0.23	0.23	--	NC	$0.07	0.19	+21
Mortgage Growth	10/1	0.12	0.12	--	NC	--	0.10	+20
New Plan Realty	9/17	0.075M	0.075	--	NC	--	0.07	+7
Realty Income Trust	9/8	0.30	0.15	+.15	+200	--	0.15	+200
Rlty. & Mtg. Pacific	9/30	0.24	0.30	-.06	-20	--	0.30	-20
Riviere Realty	10/15	0.25	0.25	--	NC	--	0.25	NC
TOTALS(12 Trusts)b		$3.90	$3.84	$+.06	+2		$4.10	-5

b-Excludes monthly and special declarations. NC-No change. M-Monthly.
Trusts with dividends reduced from previous quarter underlined.

COMPARATIVE TRUST GROUP AVERAGES 09/22/76

GROUP	N	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHG FROM-- MON AGO	JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
EQUITY TRUSTS	20	2040	11.86	0.80	0.99	9.79	3.5	17.9	9.9	8.2	-17.4	8.4	494.5
EQUITY AND MORTGAGE COMBIN	21	1618	10.00	0.26	0.29	4.64	1.9	21.7	16.1	5.5	-53.6	2.9	141.2
SUBORDINATED LAND TRUSTS	3	2685	12.76	0.40	0.61	5.92	9.4	-7.2	9.7	6.8	-53.6	4.8	43.1
AVERAGE 3 EQUITY GROUPS	44	1883	11.03	0.51	0.63	7.07	3.3	17.2	11.2	7.3	-35.9	5.7	678.9
SHORT-TERM MTG-INDEPENDENT	16	3620	0.81	0.00	0.07	0.74	-15.1	-11.1	10.4	0.0	-8.2	8.9	26.5
SHORT-TERM MTG-MTG BANKER	17	2075	8.68	0.28	0.25	4.17	-0.7	9.0	16.8	6.8	-52.0	2.9	157.6
SHORT-TERM MTG-COMCL BANK	17	2314	4.44	0.02	0.15	2.14	0.9	16.9	14.1	1.1	-51.9	3.4	91.8
SHORT-TERM-MISC FINCL	9	2791	7.03	0.01	0.01	2.02	0.3	-1.4	151.2	0.7	-71.3	0.2	43.6
AVERAGE 4 SHORT-TERM GROUPS	59	2672	5.07	0.09	0.14	2.33	-1.6	7.3	17.0	3.9	-54.1	2.7	319.5
INTERMEDIATE-TERM MORTGAGES	6	3395	4.08	0.35	0.35	3.60	-4.7	32.9	10.2	9.8	-11.7	8.7	39.6
LONG-TERM MTG & EQUITIES	22	2925	12.69	0.44	0.46	6.26	-0.8	19.6	13.5	7.1	-50.7	3.7	556.0
AVERAGE LONG & INTERMEDIATE	28	3025	10.84	0.43	0.44	5.69	-1.4	21.3	12.9	7.5	-47.5	4.1	595.5
OVERALL AVERAGE	131	2482	8.31	0.30	0.37	4.64	0.9	15.8	12.6	6.6	-44.2	4.4	1594.0
DOW-JONES INDUSTRIAL AVERAGE					90.68	1014.79	+5.4	+19.1	11.2	3.8			

*Latest quarter annualized

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.$	Price	Change	Yield
Alison Mtg.-b	OCx	8.75%	'79	$25.0	$24.00	+ 14%	36%
Atico Mtg.-c#	NY	6.75	'82	16.9	55.88	+ 3	12
BT Mtg. Inv.-c	OC	5.75	'82	20.0	52.00	+ 8	11
Barnett Mtg.-c#	OC	6.75	'91	17.3	18.00	+ 29	38
Barnett Mtg.-cd	OC	8.50	'98	30.0	23.00	+ 15	37
Barnett-Win.-ce	OC	8.25	'98	30.0	33.00	0	25
Cabot C&F Land-c	NY	8.50	'81	23.0	51.00	- 16	17
Chase Man. Tr.-a	NY	7.88	'78	50.0	80.00	+ 3	10
Chase Man. Tr.-c	NY	7.50	'83	60.0	59.00	+ 4	13
Cit.&So. Rlty.-c#	OC	6.75	'78	30.0	38.00	0	18
Cit. Mtg.Inv.-b	ASx	8.50	'80	20.0	29.00	- 17	29
Colwell Mtg.-b	NY	8.20	'80	25.0	36.25	- 15	23
Cont. Ill.Rl.-b	NY	7.63	'79	25.0	72.13	- 1	11
Cousins M&E-c	NY	6.50	'82	30.0	41.00	- 4	16
First Mtg.-a	OC	6.75	'82	13.8	21.00	+ 5	32
First Mtg.-a	OC	8.25	'77	25.0	42.00	0	20
First Virg.-b	OC	8-12f	'80	20.0	29.00	- 3	29
Great Amer.Mtg.-b	OC	7.55	'79	25.0	7.00	- 50	100+
Great Amer.Mtg.-c	OC	8.75	'83	25.0	7.00	46	100+
Guardian Mtg.-b	NY	7.50	'79	25.0	43.00	- 13	17
Guardian Mtg.-c#	AS	6.75	'86	8.6	35.00	- 5	19
Gulf Mtg.&Rl.-c#	AS	7.70	'80	20.0	62.75	- 1	12
IDS Realty-h	OC	--	--	179.8	20-40	0	NC

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.$	Price	Change	Yield
Insti. Inv.-b	NY	7.88	'80	$20.0	$65.50	+ 3%	12%
Justice Mtg.-b	OC	7.75	'79	20.0	34.00	- 8	23
LMI Investors-c	NYx	6.75	'82	25.0	17.00	- 19	40
Midland Mtg.-b	NY	8.00	'80	19.7	62.00	- 6	13
Mtg.Inv.Wash.-b	OC	8.50g	'80	15.0	44.00	0	20
NJB Prime Inv.-c#	OC	7.00	'80	12.9	18.00	0	39
No.Amer. Mtg.-c	NY	5.50	'79	30.0	75.88	- 4	7
New Plan Rlty.-c	OC	8.50	'91	1.0	60.00	0	14
Saul (B.F.)-c	NY	8.50	'80	25.0	81.50	+ 1	10
State Mut.Inv.-b	NY	9.00	'80	25.0	64.00	+ 2	14
Security Mtg.-#	AS	7.25	'82	50.0	69.63	+ 4	10
Security Mtg.-c#	OC	6.00	'82	20.0	49.00	- 2	12
Tri-South Mtg.-b	NY	7.75	'80	25.0	45.00	- 8	17

Description: a-Senior; b-Senior subordinate; c-Subordinate or junior subordinate. d-Convertible at $39 till 9/1/78 when price may be adjusted. e-Convertible at $31 till 12/1/78 when price will be adjusted. f-Variable at 1½% over monthly prime.
g-Variable rate at 1¾% over prime in Oct. and April. h-Five series, A-E: 6-7/8, 7-1/8, 7-3/8, two variable; 1987-94.
x-Suspended by exchange.
#-May be used at par to exercise warrants.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MCN	EARNINGS ANN*	LAST PRICE	-% CHNG FROM-- MCN AGO	-% CHNG FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET ON BK	MKT VA (MIL$)
EQUITY TRUSTS														
APT TRUST #	O-APITS	1012	10.97	0.40	JLN	0.76	3.75	7.1	-25.0	4.9	10.7	-65.8	6.9	3.8
C I REALTY #	N-CIX	2609	16.73	0.00	MAY	0.39	3.50	-3.6	27.3	9.0	0.0	-79.1	2.3	9.1
CITIZENS GR#	O-CITGS	811	10.76	0.00	APR	0.00	0.75	-25.0	-25.0	0.0	0.0	-93.0	0.0	0.6
CON ILL PRO#	N-CIE	4808	20.16	1.28 ←	APR	1.36	14.38	4.6	45.5	10.6	8.9	-28.7	6.7	69.1
CONSC CAP R#	O-CCPLS	2000	21.53	2.02 ←	MAY	1.88	22.50x	-7.5	-10.0	12.0	9.0	4.5	8.7	45.0
DENVER REI #	O-DENVS	1091	8.64	0.60	JLN	0.76	6.88	0.0	3.8	9.1	8.7	-20.4	8.8	7.5
FEDERAL RLTY	A-FRT	1238	9.74	1.24 ←	JLN	1.04	13.38x	9.5	21.6	12.9	9.3	37.4	10.7	16.6
FIRST UNION#	N-FUR	3981	8.49	0.96	JLL	1.12 ↓	11.75	10.5	18.9	10.5	8.2	38.4	13.2	46.8
FLORIDA GLF#	O-FGLFS	975	16.04	1.28	JLL	1.28	12.00	9.1	26.3	9.4	10.7	-25.2	8.0	11.7
FST FIDELTY#	O-FFITS	866	10.74	0.00 ↓	MAY	0.00	2.75	-12.1	10.0	0.0	0.0	-74.4	0.0	2.4
GENERAL GRO#	N-GGP	6202	6.52	1.40 ↑	JLN	1.40	15.38x	3.8	24.0	13.8	7.2	197.2	21.5	120.2
GOULD INVST#	A-GTR	1179	6.33	0.00	JLN	1.65	2.81	-6.3	-6.3	1.7	0.0	-55.6	26.1	3.3
GREIT RLY#	A-GRT	998	10.84	0.40 ←	JLL	1.16 ↑	5.63	2.4	21.6	4.9	7.1	-48.1	10.7	5.6
HUBBARD REI	N-HRE	4004	21.87	1.20	JLL	1.32	15.13x	4.6	35.9	11.5	7.9	-30.8	6.0	60.6
NEW PLAN RL	O-NPLNS	1330	2.24	0.90 ←	APR	0.88	9.25x	13.0	60.9	10.5	9.7	312.9	39.3	12.3
PENN REIT #	A-PEI	1516	11.96	1.15	MAY	1.68	12.00	6.7	23.1	7.1	9.6	0.3	14.0	18.2
REIT OF AMER	A-REI	1633	21.03	1.40	ALG	1.00 ↓	16.00	4.5	4.0	16.0	8.7	-23.9	4.8	26.1
SUMMIT PROP#	O-SMMTS	1554	7.35	0.00	JLL	0.21 ↑	2.25	12.5	28.6	10.7	0.0	-69.4	2.9	3.5
WASH REIT #	A-WRE	1471	10.65	1.76	JLN	1.92	20.13x	4.2	36.5	10.5	8.7	89.0	18.0	29.6
WISC REI FD#	O-WREIS	1514	4.58	0.00	JLN	0.00	1.63	8.7	30.4	0.0	0.0	-64.4	0.0	2.5
GROUP AVERAGE		2040	11.86	0.80		0.99	9.79	3.5	17.9	9.9	8.2	-17.4	8.4	464.5
EQUITY AND MORTGAGE COMBINATION TRUSTS														
AMER REALTY	A-ARB	2222	3.18	0.00	JLN	0.00	0.25	0.0	-77.9	0.0	0.0	-92.1	0.0	0.6
BANKAM RLTY	O-BRLTS	3547	14.67	0.20	JLL	0.12	6.25	2.0	4.2	52.1	3.2	-57.4	0.8	22.2
BRT RLTY TR	A-BRT	1460	6.15	0.00	MAY	0.00	0.75	-8.5	50.0	0.0	0.0	-87.8	0.0	1.0
FLATLEY RLT	O-FLTLS	1000	5.73	0.00	MAR	0.00	2.00	0.0	100.0	0.0	0.0	-65.1	0.0	2.0
FRANKLIN RLY	A-FR	999	7.80	0.00	MAR	0.00	3.88	38.1	138.0	0.0	0.0	-50.3	0.0	3.9
HOTEL INVSTR	A-HOT	1545	18.12	1.40	MAY	1.40	13.13	6.1	18.0	9.4	10.7	-27.5	7.7	20.3
INDIANA MAR#	O-INDMS	1154	12.68	0.00	MAR	0.00	2.75	0.0	37.5	0.0	0.0	-78.3	0.0	3.2
INVESTOR RL#	A-IRT	1579	10.73	0.00	MAY	0.00	3.25	-7.1	-21.3	0.0	0.0	-69.7	0.0	5.1
JMB REALTY#	O-JMBRS	910	16.16	1.60	MAY	1.44	11.75	-2.1	17.5	8.2	13.6	-35.3	7.9	6.0
LINCOLN MTG#	O-LNMGS	1155	1.89	0.00	JLN	0.22 ↑	0.38	-24.0	52.0	1.7	0.0	-79.9	11.6	0.4
MILLER PRP S	O-PSMTS	560	16.75	0.00	MAY	0.64	6.25	4.2	31.6	9.8	0.0	-62.7	3.8	3.5
MOR PRIME	O-MOR	1280	-6.91	0.00	MAY	0.00	0.13	0.0	0.0	0.0	0.0	NEG.	0.0	0.2
PLAZA REALTY	O-PRE	1114	4.27	0.00	JLN	0.00	0.50	-63.8	-55.8	0.0	0.0	-88.3	0.0	0.6
RIVIERA RLY#	O-RIVIE	783	8.13	1.00 ←	JLN	1.12 ↑	8.25	0.0	-2.9	7.4	12.1	1.5	13.8	6.5
RLTY INCOME	A-RIT	1563	11.82	1.20 ↑	JLL	0.04 ↑	9.75x	41.0	69.6	243.8	12.3	-17.5	0.3	15.2
SAN FRAN RE#	A-SFI	1348	19.95	0.00	JLN	0.44	8.00	1.5	136.7	18.2	0.0	-59.9	2.2	10.8
SAUL (BF)REI	N-BFS	5658	7.88	0.00	JLN	0.00	3.13	-10.6	-7.4	0.0	0.0	-60.3	0.0	17.7
US BANCORP #	A-UBT	840	18.44	0.60	MAY	0.00	5.63	2.4	-2.1	0.0	0.0	-69.5	0.0	4.7
US REALTY #	N-UTY	3434	4.57	0.00	JLN	0.00	1.88	-6.0	-6.0	0.0	0.0	-58.9	0.0	6.5
VIRGINIA RE#	O-VARES	1251	9.91	0.00	JLN	0.64 ↑	5.25	0.0	50.0	8.2	0.0	-47.0	6.5	6.6
WALTER RLTY#	O-WALTS	1035	16.11	0.00	APR	0.00	4.25	-26.1	6.3	0.0	0.0	-73.6	0.0	4.4
GROUP AVERAGE		1618	10.00	0.26		0.29	4.64	1.9	21.7	16.1	5.5	-53.6	2.9	141.2
SUBORDINATED LAND TRUSTS														
CABOT LAND	N-CFT	2952	7.20	0.00	MAY	0.00	1.75	-12.5	-30.0	0.0	0.0	-75.7	0.0	5.2
ICM REALTY	A-ICM	3011	17.41	0.00	ALG	0.64 ↑	5.13	17.1	-38.8	8.0	0.0	-70.5	3.7	15.4
PROPERTY CAP	A-PCL	2065	13.67	1.20	JLL	1.20	10.88x	10.4	31.9	9.1	11.0	-20.4	8.8	22.5
GROUP AVERAGE		2689	12.76	0.40		0.61	5.92	9.4	-7.2	9.7	6.8	-53.6	4.8	43.1
SHORT-TERM MTG-MTG BANKER														
ATICO MTG IN	N-ACC	2706	7.50	0.00	JLL	0.13 ↑	2.00	0.0	33.3	15.4	0.0	-73.3	1.7	5.4
FAIRD &WARRN	O-FAIDS	1043	17.83	0.96 ↓	JLL	0.00 ↓	7.63	7.0	29.8	0.0	12.6	-57.2	0.0	8.0
FARNES MTG	O-FARNS	1910	14.32	0.00	JLN	0.00	2.00	-11.1	-11.1	0.0	0.0	-86.0	0.0	3.8
CENTRAL MTG	O-CMRTS	775	13.71	0.00	JLN	0.00	2.50	-9.1	-20.1	0.0	0.0	-81.8	0.0	1.9
COLWELL MTG	N-CLM	2030	-0.47	0.00	JLN	0.00	1.38	-8.0	-21.1	0.0	0.0	NEG.	0.0	2.8
FIRST CENTRL	O-FCRES	2106	10.24	0.80 ↑	ALG	0.80 ↑	7.63	10.9	52.6	9.5	10.5	-25.5	7.8	16.1
FRASER MTG I	O-FRASS	1038	16.40	1.00 ←	ALG	1.00 ↑	8.25	-8.3	0.0	8.3	12.1	-49.7	6.1	8.6
GUARDIAN MI	N-GMI	3000	-10.76	0.00	MAY	0.00	1.50	8.7	-8.0	0.0	0.0	NEG.	0.0	4.5
HEITMAN MTG	A-HTM	3292	3.76	0.00	JLN	0.14	1.38	0.0	38.0	9.9	0.0	-63.3	3.7	4.5
JUSTICE MTG	N-JMI	1184	3.97	0.00	JLN	0.00	1.88	0.0	15.3	0.0	0.0	-52.6	0.0	2.2
KMC MTG IN	O-KMTGS	1100	4.55	0.00	MAY	0.00	0.38	-49.3	-49.3	0.0	0.0	-91.6	0.0	0.4
LOMAS & NTLN	N-LCM	3700	31.59	0.80	JLN	0.80	14.25	5.6	-2.6	17.8	5.6	-54.9	2.5	52.7
M&T MTG INV	O-MTMIS	1482	10.25	1.04	MAY	1.04	8.38	-4.2	31.3	8.1	12.4	-18.2	10.1	12.4
MIDLAND MTG	N-MMT	2382	2.47	0.00	JLN	0.00	1.25	-16.7	-9.4	0.0	0.0	-49.4	0.0	3.0
NO AMER MTG	N-NAM	4403	13.26	0.20	JLN	0.00	3.75	-6.3	-31.8	0.0	5.3	-71.7	0.0	16.5
SUTRO MTG IN	N-SLT	2322	15.15	0.00	JLN	0.32	6.13	2.2	48.4	19.2	0.0	-59.5	2.1	14.2
TMC MTG INV	O-TMG	800	-6.13	0.00	JLN	0.00	0.63	-16.0	152.0	0.0	0.0	NEG.	0.0	0.5
GROUP AVERAGE		2075	8.68	0.28		0.25	4.17	-0.7	9.0	16.8	6.6	-52.0	2.9	157.6

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION.
ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MCN	ANN*	LAST PRICE	-% CHNG MCN AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO PR	RET ON PR	MKT VA (MIL$)
SHORT-TERM MTG-INDEPENDENT														
BUILDERS INV	O-BLLDS	2925	-0.39	0.00	JUN	0.00	0.25	-34.2	0.0	0.0	0.0	NEG.	0.0	0.7
CAPITAL MI	N-CMO	1675	1.89	0.00	JUN	0.43	1.13	-21.5	13.0	2.6	0.0	-40.2	22.8	1.9
VJCONTNTL MTG	O-CMI	20838	-4.34	0.00	JUN	0.00	0.13	8.3	-56.7	0.0	0.0	NEG.	0.0	2.7
COMINCN M&R	O-CMRTS	635	0.79	0.00	FEB	0.00	0.25	92.3	-34.2	0.0	0.0	-68.4	0.0	0.2
VJFIDELITY MI	O-FIC	3046	-17.46	0.00	APR	0.00	0.20	5.3	566.7	0.0	0.0	NEG.	0.0	0.6
FIRST MTG IN	O-FIM	8495	-6.62	0.00	JAN	0.00	0.25	-34.2	0.0	0.0	0.0	NEG.	0.0	2.1
GHT AMER MI	O-GAA	4456	-11.13	0.00	APR	0.00	0.38	52.0	52.0	0.0	0.0	NEG.	0.0	1.7
HAMILTON INV	O-HAMTS	2095	6.25	0.00	JUN	0.00	0.63	-44.2	-28.4	0.0	0.0	-89.9	0.0	1.3
MISSION INV	A-MIT	1812	5.58	0.00	MAY	0.72	1.38	-15.3	84.0	1.9	0.0	-75.3	12.9	2.5
MTG INV WASH	O-MINVS	2146	7.56	0.00	JUN	0.00	2.50	-16.7	-37.5	0.0	0.0	-66.9	0.0	5.4
VJNATIONAL MTG	O-NMF	2353	0.83	0.00	MAY	0.00	0.13	0.0	116.7	0.0	0.0	-84.3	0.0	0.3
REPUBLIC MI	N-RMI	2107	6.16	0.00	JUN	0.00	1.00	-20.0	-11.5	0.0	0.0	-83.8	0.0	2.1
TEXAS 1ST MT	O-TFMRS	1055	7.09	0.00	JUN	0.00	0.88	-12.0	-12.0	0.0	0.0	-87.6	0.0	0.9
TIERCO	O-GSK	1161	4.40	0.00	JUN	0.00	0.56	-11.1	12.0	0.0	0.0	-87.3	0.0	0.7
UMET TRUST	N-UAT	2109	5.53	0.00	MAY	0.00	1.00	-20.0	-33.3	0.0	0.0	-81.9	0.0	2.1
WESTERN MI	O-WMTGS	1001	6.84	0.00	MAY	0.00	1.25	10.6	10.6	0.0	0.0	-81.7	0.0	1.3
GROUP AVERAGE		3620	0.81	0.00		0.07	0.74	-15.1	-11.1	10.4	0.0	-8.2	8.9	26.5
SHORT-TERM MTG-COMCL BANK														
AMER FLETCHR	A-AFM	1352	5.83	0.00	JUL	0.00	1.25	-16.7	-41.3	0.0	0.0	-78.6	0.0	1.7
HARNETT MTG	O-BMT	2174	-2.92	0.00	JUN	1.82	0.25	-19.4	92.3	0.1	0.0	NEG.	-62.3	0.5
CAMERON-BROWN	N-CB	2016	10.79	0.00	JUN	0.00	1.75	-6.9	40.0	0.0	0.0	-83.8	0.0	3.5
CHASE MAN MT	N-CMR	4886	-12.64	0.00	MAY	0.00	2.63	-4.4	-12.3	0.0	0.0	NEG.	0.0	12.9
CITINATL DEV	O-CITIC	600	13.25	0.00	JUN	0.20 ↑	3.75	15.4	186.3	18.8	0.0	-71.7	1.5	2.3
CITIZENS MI	O-CZM	1421	-9.45	0.00	JUN	0.00	0.38	0.0	-69.6	0.0	0.0	NEG.	0.0	0.5
CITZNSASO RL	N-CZS	3829	0.67	0.00	JUN	0.00	1.75	0.0	0.0	0.0	0.0	161.2	0.0	6.7
CONT ILL RLY	N-CIR	2797	0.74	0.00	JUN	0.00	1.50	0.0	0.0	0.0	0.0	102.7	0.0	4.2
FST COMMERCE	O-FCRNS	1004	15.18	0.00	JUN	0.00	4.50	0.0	12.5	0.0	0.0	-70.4	0.0	4.5
FST DENVR MI	O-FLERS	1621	-3.88	0.00	JUN	0.00	0.88	-12.0	-36.2	0.0	0.0	NEG.	0.0	1.4
FST PENN MT	N-FPM	2961	10.75	0.00	APR	0.00	1.88	0.0	-11.7	0.0	0.0	-82.5	0.0	5.6
FST WISCN MT	O-FWM	1910	5.24	0.00	JUN	0.00	1.00	-11.5	58.7	0.0	0.0	-80.9	0.0	1.9
INDEPEND MTG	O-IMTGS	2500	0.81	0.00	MAR	0.00	0.44	0.0	-12.0	0.0	0.0	-45.7	0.0	1.1
MARYLAND RLY	O-MDRTS	760	7.89	0.00	MAY	0.00	2.25	12.5	63.0	0.0	0.0	-71.5	0.0	1.7
TRI-SOUTH MI	N-TSI	2260	2.92	0.00	JUN	0.00	1.38	-8.0	176.0	0.0	0.0	-52.7	0.0	3.1
WACHOVIA RLY	N-WRI	3335	13.05	0.00	MAY	0.00	3.25	-7.1	18.2	0.0	0.0	-75.1	0.0	10.8
WELLS FAR MI	N-WFM	3911	17.26	0.40	JUN	0.56	7.50	11.1	36.4	13.4	5.3	-56.5	3.2	29.3
GROUP AVERAGE		2314	4.44	0.02		0.15	2.14	0.9	16.9	14.1	1.1	-51.9	3.4	91.8
SHORT-TERM-MISC FINCL														
AMER CENTURY	N-ACT	2607	6.55	0.00	JUN	0.00	1.50	0.0	32.7	0.0	0.0	-77.1	0.0	3.9
BENEF STD MI	N-BSM	1355	3.44	0.00	APR	0.00	1.50	-8.0	-25.0	0.0	0.0	-56.4	0.0	2.0
CI MTG GROUP	N-CI	4812	0.49	0.00	JUL	0.00	0.88	-6.4	-12.0	0.0	0.0	79.6	0.0	4.2
HANOVER SQ R	A-HSQ	946	11.32	0.00	MAY	0.00	3.63	7.4	26.0	0.0	0.0	-67.9	0.0	3.4
IDS RLTY TR	N-IDR	2409	-3.38	0.00	JUL	0.00	1.75	7.4	-41.7	0.0	0.0	NEG.	0.0	4.2
INSTITUTNAL	N-INV	6074	8.31	0.00	APR	0.00	1.25	-9.4	-9.4	0.0	0.0	-85.0	0.0	7.6
LMI INVSTORS	O-LMA	2009	-0.42	0.00	JUN	0.00	0.38	-39.7	-56.8	0.0	0.0	NEG.	0.0	0.8
MTG TRUST AM	N-MT	3860	12.93	0.00	MAY	0.00	3.50	0.0	21.5	0.0	0.0	-72.9	0.0	13.5
NATIONWID RE	O-NRELS	1047	23.99	0.12	JUN	0.12	3.75	7.1	15.4	31.3	3.2	-84.4	0.5	3.9
GROUP AVERAGE		2791	7.03	0.01		0.01	2.02	0.3	-1.4	151.2	0.7	-71.3	0.2	43.6
INTERMEDIATE-TERM MORTGAGES														
ALISCN MTG I	O-AMV	2339	-14.64	0.00	JUL	0.00	0.25	0.0	-60.3	0.0	0.0	NEG.	0.0	0.6
BARNET-WINST	O-BWITS	1663	2.34	0.00	JUN	0.00	0.38	-24.0	-56.8	0.0	0.0	-83.8	0.0	0.6
DIVERSIFD MI	N-DMG	7327	8.26	0.00	JUN	0.00	1.00	-11.5	-11.5	0.0	0.0	-87.9	0.0	7.3
FST VIRGINIA	O-FVM	1208	3.64	0.00	MAR	0.00	0.50	-33.3	-20.6	0.0	0.0	-86.3	0.0	0.6
RLTY REFUND	A-RRF	1045	18.44	2.12	JUL	2.12	17.75x	-4.4	44.9	8.4	11.9	-3.7	11.5	18.5
SECURITY MT	A-SMC	6787	6.46	0.00	JUN	0.00	1.75	16.7	133.3	0.0	0.0	-72.9	0.0	11.9
GROUP AVERAGE		3395	4.08	0.35		0.35	3.60	-4.7	32.9	10.2	9.8	-11.7	8.7	39.6
LONG-TERM MTG & EQUITIES														
ATLANTA NATL	O-ATNAS	1260	10.97	0.00	MAY	0.00	1.38	0.0	10.4	0.0	0.0	-87.4	0.0	1.7
BT MTG INVTR	N-BTM	2116	0.12	0.00	JUN	0.00	1.88	-6.0	-11.7	0.0	0.0	1466.7	0.0	4.0
CLEVETRST RL	O-CTRIS	2525	10.88	0.00	JUN	0.00	2.25	-10.0	28.6	0.0	0.0	-79.3	0.0	5.7
CON GEN M&R#	N-CGM	5715	19.41	1.60	JUN	1.56	17.25	3.0	26.6	11.1	9.3	-11.1	8.0	98.6
COUSINS M&EQ	N-CUZ	3854	4.29	0.00	MAY	0.53	1.50	-8.0	20.0	2.8	0.0	-65.0	12.4	5.8
EQUIT LF MTG	N-EC	5597	23.62	2.00	JUL	2.04	22.38	4.1	26.1	11.0	8.9	-5.2	8.6	125.3
FIDELCO GROW	A-FGI	1580	16.88	0.00	MAY	0.00	2.13	0.0	-46.8	0.0	0.0	-87.4	0.0	3.4
FST MEMPHIS	O-FMEMS	1156	7.26	0.00	MAY	0.00	1.88	-24.8	0.0	0.0	0.0	-74.1	0.0	2.2
GULF MTGRLTY	N-GMR	2210	6.40	0.00	MAY	0.00	1.50	-17.1	8.7	0.0	0.0	-76.6	0.0	3.3
HNC MTG&RLTY	O-HNCMS	2388	5.02	0.00	JUL	0.00	0.75	-25.0	-33.6	0.0	0.0	-85.1	0.0	1.8
HOSPITAL MTG	A-HMG	1178	22.84	0.60	MAY	0.76	6.19	-3.0	7.7	8.1	9.7	-72.9	3.3	7.3
MASSMUT MTG	N-MML	4670	19.38	1.08↓	JUL	1.08 ↓	12.00x	5.5	20.0	11.1	9.0	-38.1	5.6	56.0
MONY MTG INV	N-MYM	8825	10.06	0.92←	AUG	0.80 ↓	10.38	6.5	40.7	13.0	8.9	3.2	8.0	91.6
MTG GROWTH I	A-MTG	2652	10.95	0.48←	AUG	0.34 ↑	5.13	5.1	36.8	15.1	9.4	-53.2	3.1	13.6
NOWSTRN FINC	O-NFINS	1510	14.75	0.00	JUN	0.00	2.50	-13.2	-4.9	0.0	0.0	-83.1	0.0	3.8
NOWSTRN MUTL	N-NML	4758	19.15	1.00	JUN	1.08	12.25	1.0	20.9	11.3	8.2	-36.0	5.6	58.3
OLD STONE M#	O-OSMRS	813	9.56	0.00	JUN	0.00	5.75	-4.2	43.8	0.0	0.0	-39.9	0.0	4.7
PACIFIC STHN	O-PSMTS	814	11.67	0.15	MAR	0.00	5.38	0.0	38.7	0.0	2.8	-53.9	0.0	4.4
PNR MTGS RL#	N-PNI	2437	18.46	0.40	JUN	0.68	7.38	0.0	20.4	10.9	5.4	-60.0	3.7	18.0
RAN PACIFIC	O-RPACS	1890	16.10	0.96↓	AUG	0.72 ↓	9.13	-10.9	17.8	12.7	10.5	-49.6	4.0	17.3
STATE MUTUAL	N-SMC	2786	1.77	0.00	JUN	0.00	2.13	-14.8	21.7	0.0	0.0	20.3	0.0	5.9
UNITED RLTY	A-URT	3610	17.56	0.60	MAY	0.64	6.50	-2.0	13.0	10.2	9.2	-63.0	3.6	23.5
GROUP AVERAGE		2525	12.69	0.44		0.46	6.26	-0.8	19.6	13.5	7.1	-50.7	3.7	556.0

CONVERTIBLE DEBENTURES

DEBENTURE	EX MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHG
ALISON MTG	AS '91	6.75	27.50	18.00	37.5	5.9
AMER CENTURY	AS '90	7.00	21.00	46.00	15.2	0.4
AMER CENTY*B	NY '91	6.75	28.00	46.75	14.4	8.7
AMER REALTY	CC '94	7.00	10.40	23.00	30.4	0.0
BAIRD&WARNER	CC '91	6.75	21.00	60.00	11.2	-1.6
BANKAMERICA	CC '90	6.75	21.00	71.50	9.4	0.7
BENEF STD MT	AS '91	6.50	27.75	52.00	12.5	14.0
CAPITAL MTG	CC '91	6.50	33.00	27.00	24.1	8.0
CHASE MANHTN	NY '96	6.50	55.00	49.75	13.1	13.1
COLWELL MTG	CC '91	6.50	29.38	25.00	26.0	0.0
CONN GENERAL	NY '96	6.00	32.50	64.50	9.3	4.6
CONTNTL MTG	CC '90	6.25	19.75	7.25	VJ	0.0
EQUITBL LF M	NY '90	6.75	26.25	82.00	8.2	0.6
FIDELITY MI	CC '95	7.75	21.25	8.00	VJ	0.0
FIRST PENN M	CC '91	6.75	26.00	41.00	16.5	-2.4
FIRST UNION	NY '91	7.00	13.00	87.00	8.0	6.1
FRANKLIN RLY	AS '89	7.00	10.00	63.13	11.1	1.6
GRT AMER MI	CC '91	7.00	35.50	5.00	140.0	-61.5
HANCVER SC P	AS '92	7.25	21.00	64.75	11.2	2.8
HEITMAN MTG	AS '92	7.50	14.70	53.13	14.1	1.2
HNC MTG	CC '91	6.75	21.00	43.00	15.7	2.4
HOTEL INVSTR	CC '90	7.75	21.00	72.00	10.8	2.9
HOTEL INVTRS	CC '91	7.50	25.25	69.00	10.9	3.0
LINCOLN MTG	CC '90	8.00	11.00	42.00	19.0	-2.3
MASSMUTL MTG	NY '90	6.75	21.00	78.00	8.7	3.3
MASSMUTUAL M	NY '91	6.25	33.50	74.50	8.4	5.3
MIDLAND MTG	CC '86	7.00	16.67	40.50	17.3	-5.8
MONY MTGIN	NY '90	7.00	11.00	53.13	7.5	3.5
MTG INV WASH	CC '90	8.00	15.00	45.00	17.8	2.3
NATIONAL MTG	CC '91	7.00	12.00	7.00	VJ	16.7
NATIONWID RE	CC '91	7.00	26.50	58.00	12.1	9.4
NJH PRIME	CC '91	6.75	21.00	18.00	37.5	12.5
NORSTAR MUTL	NY '91	6.00	21.00	75.00	8.0	2.7
OLD STONE MT	CC '87	6.88	15.00	71.00	9.7	9.2
PAN PACIFIC	CC '91	6.75	21.00	67.00	10.1	-2.9
REALTY INCOM	AS '91	8.00	16.50	79.00	10.1	9.0
REPUBLIC MI	NY '90	7.25	19.00	73.13	9.9	10.6
SAUL (BF) RL	CC '91	6.50	23.00	57.00	11.4	5.6
SAUL(BF) REI	CC '90	8.00	15.50	65.00	12.3	4.8
STATE MUTLAL	AS '91	6.75	21.00	43.00	15.7	1.5
SUTRO MIT	NY '82	6.75	20.00	76.00	8.9	1.3
SUTRO MTG	AS '91	6.75	20.00	63.00	10.7	-3.4
TRI-SOUTH MI	NY '92	7.00	29.50	36.75	19.0	-10.4
US BANCORP	AS '92	7.00	26.25	68.63	10.2	0.4
US REALTY IN	NY '89	5.75	20.20	51.00	11.3	5.7

VJ-IN BANKRUPTCY REORGANIZATION

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL $)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.13	1.50	1442.0	0.0	0.1
ATICO MTG IN	A-ACCW	12/79	563	15.00	1.0	0.81	2.00	690.5	84.1	0.5
BARNES MTG	C-BARNW	12/77	1910	20.00	1.0	0.13	2.00	906.5	0.0	0.2
BARNTT-WINST	C-BWITW	7/77	1657	20.00	1.0	0.03	0.38	5171.1	-70.0	0.0
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.25	1.50	1250.0	66.7	0.1
BRT RLTY TR	A-BRTW	11/77	1400	10.00	1.0	0.06	0.75	1241.3	0.0	0.1
CAPITAL MTG	C-CMCRW	11/79	471	20.00	1.0	0.03	1.13	1672.6	50.0	0.0
CENTRAL MTG	O-CMRTW	3/77	775	20.00	1.0	0.13	2.50	705.2	0.0	0.1
CITIZENSMTG	C-CZMW	1/77	671	15.00	1.0	0.06	0.38	3863.2	-33.3	0.0
COLWELL MTG	A-CLMW	12/77	225	20.00	1.0	0.13	1.38	1358.7	-31.6	0.0
DENVER REIA	C-DENVS	5/77	177	11.00	1.0	0.13	6.88	61.8	-48.0	0.0
FEDERAL RLT	C-FDRLW	12/76	140	10.00	1.0	3.00	13.38	-2.8	26.1	0.4
FIN MEMPHIS	C-FMEMW	2/78	1124	20.00	1.0	0.03	1.88	965.4	-50.0	0.0
FIRST DENVER	C-FDENW	10/77	1398	20.00	1.0	0.13	0.88	2187.5	0.0	0.2
FIRST UNION	C-FUREW	12/77	600	12.75	1.0	0.50	11.75	12.8	284.6	0.3
GUARDIAN MI*	A-GMIW	7/79	241	36.00	1.0	0.06	1.50	2304.0	-53.8	0.0
GULF MTG&RL*	A-GMRW	3/77	2210	20.00	1.0	0.06	1.50	1237.3	0.0	0.1
HOSPITAL MTG	A-HMGW	2/77	1178	25.00	1.0	0.06	6.19	304.8	-33.3	0.1
JMH REALTY	C-JMERW	8/77	510	20.00	1.0	0.25	11.75	72.3	92.3	0.1
M&T MTG INV	C-MTMIZ	8/80	747	13.00	1.0	0.63	8.38	62.6	65.6	0.5
MISSION INV	A-MITW	3/77	604	16.50	1.0	0.03	1.38	1097.8	0.0	0.0
MTG INV WASH	C-MINVW	3/80	931	15.00	1.0	0.13	2.50	505.2	0.0	0.1
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.25	3.75	736.8	-19.4	0.2
NORSTAR FINC	C-NFINW	11/77	1510	18.06	1.1	0.03	2.50	623.5	-50.0	0.0
PLAZA REALTY	C-PREW	11/77	1113	18.50	1.0	0.06	0.50	3612.0	0.0	0.1
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.19	7.38	173.6	0.0	0.2
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.13	1.00	1913.0	-31.6	0.1
RLTY REFUND	C-RREFW	6/77	1013	20.00	1.0	0.56	17.75	15.8	-25.3	0.6
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.44	8.00	218.0	-12.0	0.6
SECURITY MT*	A-SMCW	5/79	3117	16.00	1.0	0.19	1.75	825.1	0.0	0.6
SUTRO MIT(R)	A-SUTW	6/77	700	20.00	1.0	0.63	6.13	236.5	12.5	0.4
UNITED RLTY	A-URTW	12/79	3610	20.00	1.0	0.13	6.50	209.7	0.0	0.5

*DEBENTURES USABLE IN LIEU OF CASH.

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeroes indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "#" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "*". Cash flow derived from amortization of debt discount is denoted by "@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS, and in the quarterly REIT PERFORMANCE RECORD issue.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in RELATIVE APPEAL RANKINGS. Equity and combination groups include Equity trusts with over 80% of invested assets in direct ownership of completed income producing properties; Equity & Mortgage combination which balance investments between equity ownership and mortgages; and Subordinated Land trusts, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and long-term for those with loans maturing in over 10 years, and generally with some equity investments.

United Realty Trust - continued from page 2

and the other half short-term financing; and 19% property acquired in foreclosure. By property type, holdings are 22% single family in the guaranteed GNMA certificates; 24% office building; 17% apartments, 12% industrial, 8% shopping center, 5% commercial, 4% land, 3% motel, 3% college, and 2% condominium. A significant feature of the portfolio is involvement with formerly related entities through CNA Financial Corp., parent of the trust's adviser. About 30% of investments (or 11 or 37 loans) were initially made in participation with LMI Investors, a troubled short-term trust advised by another CNA unit, and LMI provided construction financing for buildings securing another seven URT long-term mortgage loans. The two trusts are operated totally independently now but the inter-relationships impose some additional legal complexities on URT in the unwinding of problem investments.

Nonaccruing loans and foreclosures totaled $34.0 million at end of June, equal to 38.6% of total portfolio. Total problem investments have been holding in this 33%-39% range for a year now, indicating that new management that took over then is making some progress in solving some vexing problems. One measure of success is performance of foreclosed properties, which returned a $297,000 profit after all expenses in the May quarter, including a $123,000 cash payment from a troubled Houston office building; foreclosures returned only $15,000 the previous quarter. Two properties with $2.5 million invested were returned to earning status during the May quarter: construction was restarted on the Costa Linda II condo project in San Juan after a major bank took over funding the construction loan from another REIT; and a complex settlement with borrower on a Rosslyn, Va. 292,000 sf office building restored all but $219,000 of that loan to accrual status. They were offset by $9 million of loans that went on the problem loan list, including a $2.3 million Ramada Inn in Rochester, Minn.; a $2.4 million construction loan on a completed college in Newfoundland, Can.; and the $4.35 million International Trade Center building in Houston, which has been on and off accrual for some time now. The borrower here has agreed to pay all net rental income to the trust and will permit the trust to foreclose on Oct. 1 if he cannot pay back interest. Overall, URT appears to have brought its most troublesome problems under control, if not solution, and it does not appear that any major increases in problem loans are ahead. The $4.5 million loss reserve ($200,000 was added in the May quarter) amounts to 5% of the total portfolio and is believed adequate unless management were to decide to sell its GNMAs at a loss. This is believed a remote possibility.

Financing: Total capital of $83.6 million is 76% shareholder equity (with 3.61 million shares) and 24% non-convertible debt. Early this year URT pledged its GNMAs in return for a $15 million bank loan (renewable every 28 days), gaining a small interest spread in its favor. Only other debt is $5.2 million borrowed under a credit agreement signed early this year. URT pays full-rate interest and has no contingencies; the 0.3 leverage is among the industry's lowest. Sponsor: CNA Financial Corp., controlled by Loews Corp. of New York City.

Results & outlook: URT earnings rose 23% to $0.16/sh. in the May quarter, reflecting $0.03/sh. benefits from the Houston building settlement and spread on the GNMA leveraging, offset by a $0.03/sh. boost in the loss reserve over the February quarter. Dividends were increased to $0.15 from $0.13. August quarter results should be announced in a few days and we expect some modest improvement, although the portfolio cannot be said to be righting itself rapidly. Book value of $17.56/sh. appears to be reasonably recoverable over the longer term, and portfolio improvement should permit earnings and dividends to work higher for patient holders. The shares are a speculative longer-term buy. URT recently extended its warrants three years to Dec. 27, 1979; they are exercisable at $20 so the premium still is too large for serious speculators. (KDC)

REILTY INCOME TRUST (10½---ASE-RIT) FY April 30

Portfolio: RIT is in transition from mixed-asset holdings to a predominantly equity portfolio, largely because many foreclosed properties have potential as long-term investments. The $82.7 million portfolio at April 30 was 52% mortgages, 24% investment real estate, and 24% property acquired in foreclosure. Assets are 32%

in office buildings, 25% apartments, 11% development properties, 9% shopping centers, 7% condominiums, 7% mobile home parks, 5% industrial, and 4% hotels. The trust was formed in 1962 and followed a policy of putting about half of funds into secure net leases to major tenants (e.g., General Motors) and half in land purchase/leasebacks and other then-unfamiliar investments considered much riskier. This balance has persisted through changes in investment outlets and managements over the years.

Expectably problem investments have surfaced in the risk portion of the portfolio, and RIT ended its April 1976 fiscal year with 33% nonaccruing and foreclosed investments, down from a peak 43% last fall. Management has moved aggressively in recent years to deal with problems and last year disposed of several troubled properties: two apartment projects--460-unit Heritage in Smyrna, Ga. and 416-unit Sun Ridge in Hoffman Estates, Ill.--of developer Walter J. Kassuba, now in Chapter XI, were sold to limited partnerships with the trust deferring $405,000 capital gain. The trust took back $2.5 million in second mortgages; the projects carry $10 million first mortgage debt. Also, RIT recently sold a 45-acre tract in El Toro, Cal. to a builder/developer for $2.15 million and will record a $100,000 gain. An agricultural tract in Perris Valley, Riverside County, Cal., is being sold to two groups who have been farming the land since RIT acquired it in 1970. RIT realized an approximate $50,000 gain on the $2.9 million sale and will increase the property's income to the trust by $200,000/yr.

The long-festering problem of the Kroger Building in Cincinnati was solved when, almost simultaneously, the 325,000 sf building was acquired last December and Kenner Products division of General Mills leased 105,000 sf for 15 years, effective July 1, to bring occupancy to 95%. This lease will begin producing revenues at its full rate in the current quarter. Also, RIT took possession of Hempstead Plaza on Long Island, ending long discussions with disagreeing owners; RIT had $5 million invested and takes over a 125,000 sf office building 92-93% occupied and a 182-room Holiday Inn operating at breakeven, the motel subject to a $3.8 million first mortgage. The Milner and Petroleum Buildings in Jackson, Miss. were taken over after the owning partnership could not service wrap-around loans; RIT has $1.4 million invested net.

In August the trust sold its land leaseback position under One, Two and Three Center Plaza in downtown Boston back to the building owners for $5.7 million cash and/or face amount of its 8% subordinated convertible debentures. A $2½ million leasehold mortgage on the complex was also repaid. RIT had invested $2½ million in this land since 1963; with overages the land returned 15.2% last year. RIT's capital gain will depend upon whether payment is made in cash or debentures; paybacks on the $3.2 million note from the buyer will effectively cover sinking fund requirements for several years. RIT shareholders also approved sale of 16 branch offices and other properties back to Industrial National Corp., bank holding company which owns 20% of RIT shares, with RIT to report about a $1.4 million capital gain (or $0.91/sh.) on the deal. The properties, obtained in exchange for RIT shares in 1971, had been yielding 15.9% to RIT. RIT's foreclosures had $438,000 negative cash flow last year.

Financing: Total capital of $86.1 million is 21% shareholder equity (with 1,563,000 sh.), 19% bank short-term, 23% bank long-term, 22% in 8% subordinated debentures due 1991 and convertible at $16.50 through Oct. 31, 1976, and higher prices afterward. Bank debt has now been paid below $7 million (vs. $16.5 million at April 30) using liquidity from the recent property sales. A $20 million bank term loan is due April 30, 1977 with an optional three-year extension. Sponsor: RIT is internally managed.

Results & outlook: RIT reported losing $0.23/sh. in the April 1976 fiscal year, and earned $0.01/sh. in the July quarter. Near-term results will be held down by depreciation charges on acquired and investment property as they become a larger part of holdings. Also, sale recently of high-yielding investments may limit return. The July quarter dividend was doubled to $0.30/sh. and is being paid from 1976 taxable income and the recent capital gains; this rate should be held for several quarters. The shares have moved up recently toward the $11.68 book value where they offer speculative income and possible benefits as additional problem properties are cured. The convertibles at 79 (ASE) yield 10% for more conservative investors. (KDC)